GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1052
ANSWERED ON:23.11.2007
OUTSTANDING AMOUNT AGAINST STATE GOVERNMENT
Athawale Shri Ramdas

Will the Minister of FINANCE be pleased to state:

(a) whether various Nationalised Banks have outstanding amounts against some State Governments;

(b) if so, the details thereof; and

(c) the steps taken or proposed to be taken to recover these outstanding amounts?

Answer

THE MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) :Banks do not lend directly to State Governments. However, they invest in State Government securities and State Government guaranteed bonds issued by the State Government entities, and lend to the public undertakings / corporate bodies / autonomous entities, with or without the guarantee of State Governments. Some nationalised banks have reported defaults in payment in principal and / or interest in respect of bonds issued by certain State Government entities / public sector undertakings (PSUs).

(c) Banks have taken steps for recovery of their dues from the defaulting entities of the State Governments in accordance with their recovery policies and RBI guidelines which provide for restructuring of loans, One Time Settlement of dues, filing of cases in Courts / Debt Recovery Tribunals, etc. Further, RBI, as debt manager of State Governments has been taking up issues concerning non-payment of interest and / or principal as also unilateral restructuring of terms and conditions of bonds etc. by State Government entities / PSUs with the concerned State Governments essentially by drawing their attention to the adverse impact of such actions on the credibility of their market borrowing program. Government has also requested all State Governments to ensure that Government guaranteed bonds are honoured by their respective undertakings.